

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re:	§	Chapter 11
	§	
W.R. GRACE & CO., et al.,	§	Jointly Administered
	§	Case No. 01-01139 (JKF)
Debtors.	§	
	§	

**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF L. TERSIGNI CONSULTING P.C.
FOR THE SIXTEENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Sixteenth Interim Fee Application of L. Tersigni Consulting P.C. (the "Application").

BACKGROUND

1. L. Tersigni Consulting P.C. ("Tersigni") was retained as accountant and financial advisor for the Official Committee of Asbestos Personal Injury Claimants. In the Application, Tersigni seeks approval of fees totaling \$271,413.00 and costs totaling \$1,973.59 for its services from January 1, 2005, through March 31, 2005.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued

January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served on Tersigni an initial report based on our review, and received a response from Tersigni, portions of which response are quoted herein.

DISCUSSION

3. In our initial report, we noted that on February 10, 2005, JS, MB and AP attended a meeting in Columbia, MD. The total time spent including any preparation and non-working travel time was 35.90 hours¹ for a total fee of \$16,121.50. The entries are provided below.

02/09/05	MB	2.30	1150.00	Half the travel time from Stamford, CT to Columbia, MD.
02/09/05	AP	2.30	667.00	Half the travel time from Stamford, CT to Columbia, MD.
02/10/05	JS	2.30	1184.50	Half the round trip travel time (½ x 4.6 hours) New York City - Columbia, MD.
02/10/05	MB	3.00	1500.00	Half the travel time from Columbia, MD to Stamford, CT.
02/10/05	AP	3.00	870.00	Half the travel time from Columbia, MD to Stamford, CT.
02/09/05	JS	2.50	1287.50	Prepare questions for meeting at Company on 2/10/05 for valuation and POR.
02/09/05	MB	2.40	1200.00	Review fourth quarter financial briefing in preparation for related operating performance conference call with debtors.

¹ Time for this entry was located in two (2) Project Categories - (i) Non-Working Travel and (ii) Business Analysis.

02/09/05	MB	1.10	550.00	Review fourth quarter and year-end financial statement in preparation for debtor meeting to discuss 2004 results and 2005 plan.
02/09/05	MB	0.70	350.00	Prepare issues related to fourth quarter operating performance.
02/09/05	AP	1.10	319.00	Prepared additional questions for the company's financial management team regarding the performance of the business during the year.
02/10/05	JS	2.40	1236.00	Final review in preparation for meeting at Company of questions, Executive Summary 4 th Quarter 2004 and Financial Briefing for due diligence, valuation, POR and settlement.
02/10/05	JS	2.50	1287.50	Meeting at Company for financial review of due diligence, valuation, POR and settlement.
02/10/05	MB	1.30	650.00	Review consolidating operating results for 2004 in preparation for debtor meeting.
02/10/05	MB	0.80	400.00	Review Corporate operating results for 2004 in preparation for debtor meeting.
02/10/05	MB	1.10	550.00	Review Davison operating results for 2004 in preparation for debtor meeting.
02/10/05	MB	1.10	550.00	Review Performance Chemicals operating results for 2004 in preparation for debtor meeting.
02/10/05	MB	1.20	600.00	Participate in meeting with Grace management to 2004 results
02/10/05	MB	1.80	900.00	Participate in meeting with Grace management to discuss 2005 plan.
02/10/05	AP	1.50	435.00	Participated in meeting with Grace's financial management team to review the 2004 business operating results to analyze the performance of the business segments and to participate in questions with the financial management team as part of the continuous monitoring and reporting of the company's

financial results.

02/10/05	AP	1.50	435.00	Participated in meeting with Grace's financial management team to review the 2005 operating plan to analyze the performance of the business segments and changes versus the prior year and to participate in questions with the financial management team as part of the continuous monitoring and reporting of the company's financial results.
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We asked Tersigni to explain the need for each participating professional and the area of necessary expertise each brought to the meeting. Tersigni's response is provided below.

We apologize for the lack of detail and any confusion caused by the description regarding Mr. Sinclair, Mr. Berkin and Mr. Prills activities and attendance at the meeting held on February 10, 2005. Mr. Berkin, Managing Director, is responsible for the continuous monitoring and evaluation of the debtor's operating results and financial condition, the preparation of due diligence reporting and review of specific projects being performed for the ACC and reporting on observations and comments related thereto in the WR Grace matter. Mr. Berkin's participation in the meeting was to address items relating to both the fourth quarter 2004 and year end 2004 actual operating performance by business segment. Based on insight gained during the open question and answer session relating to the 2004 performance, with WR Grace associates, Mr. Berkin was able to address and discuss the impact of said results on the budgeted projections reflected in the 2005 Plan. Mr. Prills is a Manager with L Tersigni Consulting who reports directly to Mr. Berkin relating to the WR Grace matter. Mr. Prills is responsible for the support analysis and preparation of summary review reports relating to the actual fourth quarter 2004, and year end 2004, operating performance by business segment under the supervision and guidance of Mr. Berkin. In addition, Mr. Prills assists in the preparation of business valuations for WR Grace, and is responsible for providing timely information to update these valuations when required. Mr. Prills participated in these meetings to address questions and observations to the WR Grace associates that had developed during his initial review and analysis to date, as well as to gain an in-depth understanding of the WR Grace 2004 actual results presented by WR Grace financial management team which will enable him to provide a key support role in 2005 during each monthly operating performance review. Mr. Sinclair is a Senior Managing Director with L Tersigni Consulting. Mr. Sinclair's involvement at this same meeting pertained to his direct responsibility for preparation, continuous monitoring and updating of the WR Grace Enterprise Valuation. Mr. Sinclair participated in this meeting to analyze and discuss the implications of the actual 2004 operating performance, and the 2005 Plan, on the current WR Grace valuation. The work that was performed in preparation of this

2/10/05 meeting, and the attendance at this meeting, was not duplicative between Mr. Berkin, Mr. Prills and Mr. Sinclair , each had a unique area of responsibility to present and represent.


We appreciate the response; however, we do not believe it carries the burden of proving the necessity of both Mr. Prills (\$290.00 per hour) and Mr. Sinclair (\$515.00 per hour) at the meeting. Mr. Prills' hours regarding the meeting total 7.9 with billings of \$2,291.00. Mr. Sinclair's hours regarding the meeting total 9.7 with billings of \$4,995.50. Their combined billings for the meeting total \$7,286.50. Thus, we recommend a reduction of one-half of those billings for a total recommended reduction of \$3,643.25 in fees.

CONCLUSION

4. Thus we recommend approval of fees totaling \$267,769.75 (\$271,413.00 minus \$3,643.25) and costs totaling \$1,973.59 for Tersigni's services from January 1, 2005, through March 31, 2005.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

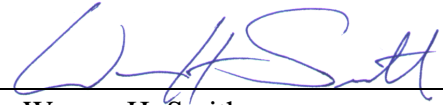
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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 12th day of September, 2005.



Warren H. Smith

SERVICE LIST

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